

# *News and Information*

*from the Tennessee Division of Consumer Affairs*

615.741.4737 or toll-free 800.342.8385

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CONTACT:

Mark Williams

Wendy Waldron

## **TENNESSEANS ARE WINNERS IN MULTI-STATE SETTLEMENT WITH AMERICAN FAMILY PUBLISHERS**

Congratulations! You are the winner, as a Tennessee consumer, in a settlement with American Family Publishers (AFP) over allegations of misleading advertisements. As a result, you will be entitled to readily understandable advertising about whether you really are a winner in future sweepstakes, what your chances are of winning if you are a "finalist," and that no purchase is required to win.

The Tennessee Attorney General's Office entered a multi-state agreement today on behalf of the Tennessee Division of Consumer Affairs with the magazine distributing company to stop the alleged misleading promotional tactics. AFP, known for its catchy contest ads featuring celebrities Dick Clark and Ed McMahon, has agreed to pay some of the 33 states involved \$1,250,000. Tennessee's share, totaling \$50,000, will be used for consumer protection purposes.

AFP, a joint venture involving Time, Inc. Home Entertainment, is alleged to have misled consumers into believing they could have a better chance of winning if they ordered magazines. And, in some cases, consumers were allegedly misled when told they were in a "tie" for the multi-million-dollar prize with another person from their state and led to believe whomever returned their entry fastest would win.

"Who among us hasn't been solicited by television and mail promotions promising we could be the next millionaire if we entered a contest?" said Tennessee Attorney General John Knox Walkup. "If proper disclosures are made, there's nothing wrong with that. The problem lies in being able to analyze what our true chances are at winning a contest. Unfortunately, too often, this depends on our ability to read the fine print."

"The bottom line is that we all have an equal chance to win whether we buy anything or not. That is the law."

Mark Williams, director of the Tennessee Division of Consumer Affairs, said of the settlement, "I hope this settlement sends a message to others who offer sweepstakes and contests to be more careful and not to mislead consumers in their advertising and solicitations. Consumers need to remember they do not have to pay to play."

As part of the settlement, AFP has agreed to prominently notify consumers that no purchase is necessary to participate. AFP also has agreed to disclose the odds of winning any future contests when the company notifies customers they are "finalists," "tied," or otherwise leads them to believe they are part of a select group. The magazine distributor must also make it clear that participants will have the same chances whether they buy magazines or not. Consumers who do not purchase anything will be notified

that they may write to request future promotions.

For preselected winning number sweepstakes lasting longer than six months, AFP will be required to notify participants that the contest is ongoing. The company will also be required to alert players there are multiple opportunities to enter, and that the preselected winning number may already have been returned.

Other states besides Tennessee signing on to the agreement are: Alabama, Arkansas, Arizona, California, Hawaii, Idaho, Illinois, Kansas, Kentucky, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, Nevada, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Vermont, Virginia, Washington and Wisconsin along with the District of Columbia.

The Tennessee Attorney General and Tennessee Division of Consumer Affairs offer the following tips with regard to contests:

- Remember no purchase is necessary to enter.
- Read the official rules.
- Beware of claims that make you as a participant part of a "special group" with a favorable chance of winning a prize unless the odds are stated in your notification.
- Read the fine print.
- Note any restrictions, conditions or costs associated with getting and using any prize.
- Make sure the promoters display their company name and complete address on their offers.
- The retail price of each prize or product should be displayed next to the item.
- Look for refund or exchange policies on the offer.
- Are the names of winners in your area available upon request?